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alcor energy

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Docket Control Office
Arizona Corporation Commission
Utilities Division
1200 West Washington Street
Phoenix, AZ 85007

2012 MAY 21 P 1:56

AL CORP COMMISSION
DOCKET CONTROL

5/18/2012

Re: Southwest Gas Corporation

Docket No. ~~G-01551-A-12-0037~~ G-01551A-11-0344

Dear Chairman Pierce, Commissioners Stump, Kennedy, Newman, and Burns:

I am writing to support the proposed Southwest Gas proposal to increase the incentive funding for Combined Heat and Power (CHP). Alcor received this funding for a 800 Kw project at El Dorado Hospital in Tucson. CHP is an approach to providing energy needs that dramatically improves the overall efficiency of energy delivery compared to the conventional approach of receiving electric power from the grid and burning natural gas in boilers. In addition, these projects substantially reduce costs for the customers who install them. Furthermore, CHP projects also adds additional jobs with Alcor that will be based here in Arizona, since we are located in Mesa, AZ as a matter of fact we have added 9 jobs in the past 30 days.

One problem with the incentive funding is that at \$700,000 per year at \$400 to \$500 per kilowatt, that is only 1400 to 1750 kilowatts of potential projects. A single installation can exhaust or significantly exceed this total. We have a number of CHP projects we have talked to customers about, but in order to work these projects over the 1 year or more that it takes to get a project from its initial contact to an installed project, Alcor needs to know that the incentive funding will be there by the time the project is given the go-ahead by the customer. So not only should the funding be increased to \$1,750,000 as proposed by Southwest Gas, but the funding from year to year should carry over to the next year if not used. This segment of the Demand Side Management program differs from some other elements in that the time frame of the development is much longer than for example a new small commercial boiler installation. I am very confident that Alcor would be able to develop projects here in Arizona much more easily with the increased funding proposed in the Southwest Gas proposal in this docket.

If you have any questions please feel free to contact me at 480-917-7300 or visit our facility at 7754 E. Velocity Way Suite 101 & 109 Mesa, Arizona 85212.

Regards,

Barry Stonehouse

President

Alcor Energy Solutions, LLC

An Arizona Limited Liability Company

Arizona Corporation Commission

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